

Message Text

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PAGE 01 TEL AV 10210 061354Z
ACTION OES-07

INFO OCT-01 ISO-00 SSO-00 EB-08 NEA-10 SS-15 SP-02
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OES FOR DR. GANLEY

E.O. 11652: N/A
TAGS: TECH, IS
SUBJECT: US-ISRAEL BINATIONAL INDUSTRIAL R&D FOUNDATION (BIRDF)

REF: (A) TEL AVIV 1049 (B) TEL AVIV 8800 (C) TEL AVIV 10091

SUMMARY: THE EMBASSY BELIEVES THAT BIRDF HAS SERIOUS PROBLEMS DUE TO POOR MANAGEMENT AND LACK OF UNDERSTANDING OF FOREIGN AFFAIRS BY OFFICE OF ASSISTANT SECRETARY COMMERCE FOR S & T. THE EMBASSY STRONGLY RECOMMENDS A LARGER ROLE IN BIRDF AFFAIRS BY DEPARTMENT OF STATE TO AMELIORATE THESE PROBLEMS AND GET THE FOUNDATION STARTED.
END SUMMARY.

1. AS SEEN FROM HERE, BIRDF IS IN DEEP TROUBLE. TWO REQUIREMENTS MUST BE SATISFIED BEFORE IT CAN BECOME OPERATIONAL: HIRING OF AN EXECUTIVE DIRECTOR AND BILATERAL AGREEMENT ON WRITTEN GUIDELINES FOR MAKING GRANTS OF BIRDF FUNDS. AFTER SIX MONTHS OF EFFORT, NEITHER REQUIREMENT HAS YET BEEN ACHIEVED.

(A) THE CANDIDATE FOR EXECUTIVE DIRECTOR APPEARS
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TO HAVE BEEN ACCEPTED WITHOUT ADEQUATE PROFESSIONAL BACKGROUND INVESTIGATION (REF A.). BOTH OFFICIAL ISRAELI AND US SOURCES HERE PRIVATELY VIEW BLACKMAN AS A POOR MANAGER WHO IS NOTABLY INEPT IN BILATERAL NEGOTIATION. HE HAS NOT MUCH "CREDIT" LEFT.
(B) DRAFT GUIDELINES PREPARED BY BLACKMAN, A COMPLEX 75 PAGE DOCUMENT, WAS DISCUSSED IN TWO MEETINGS

WITH ISRAELI BOG MEMBER LAVIE WHO DISAGREED WITH THE DOCUMENT ON GROUND THAT IT (A) IS TOO LONG, (B) SMALLER ISRAELI FIRMS WOULD DECLINE, OR BE UNABLE, TO FURNISH REQUIRED WEALTH OF DETAIL AND (C) DOCUMENT OVEREMPHASIZES COMMERCIAL SUCCESS AT COST OF GOOD TECHNOLOGY NOT IMMEDIATELY PROFITABLE. BLACKMAN DID NOT CONCEDE ANY SUBSTANTIVE.

(C) BLACKMAN HAS REPRESENTED CONTROVERSIAL GUIDELINES AS ENJOYING SUPPORT OF ALL US BOG MEMBERS PLUS LEADING US BIRDF COUNCIL MEMBER JACK GOLDMAN, WHILE OFFICIAL ISRAELI SOURCE PRIVATELY DENIES THAT GOLDMAN HAS EVEN SEEN GUIDELINES AND DOUBTS THAT ASSISTANT SECRETARIES MINK AND BERSTEN HAVE.

(D) IN TELECON OF DECEMBER 1, BLACKMAN TOLD SCIATT THAT HE HAD RECEIVED AND REVIEWED ISRAELI WRITTEN COMMENTS ON GUIDELINES AND FOUND THEM "NAIVE". HE INDICATED THAT IF HE COULD NOT OBTAIN ISRAELI AGREEMENT, HE WOULD SUBMIT GUIDELINES TO BOG IN HIS VERSION, EVEN THOUGH HE ANTICIPATED THAT THIS MIGHT PRODUCE DELAY UNTIL FEBRUARY IN OBTAINING BOG APPROVAL. (SIC *)

2. APART FROM FOREGOING SUBSTANTIVE PROBLEMS, ACUTE PROCEDURAL PROBLEMS HAVE CAUSED MISUNDERSTANDING AND FRUSTRATED EMBASSY EFFORTS TO HELP GET FOUNDATION STARTED. EXCESSIVE RELIANCE ON INTERNATIONAL TELEPHONE HAS CAUSED LIMITED OFFICIAL USE

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UNCERTAINTY ABOUT INTENT OF GOVERNMENTS, OFTEN LEAVING EMBASSY UNINFORMED ABOUT IMPORTANT ACTIONS. THIS HAS BEEN EXACERBATED BY TENDENCY OF COMMERCE AND BLACKMAN TO PASS DOCUMENTS DIRECTLY TO ISRAELI EMBASSY WASHINGTON OR GOI WITHOUT SENDING COPIES TO EMBASSY TEL AVIV.

(A) WE DID NOT SEE THE BLACKMAN CONTRACT UNTIL AFTER IT HAD BEEN GIVEN TO GOI (SEE REF B.).

(B) EMBASSY IS UNAWARE (REF C.) OF ANY DECEMBER BIRDF MEETING, ALTHOUGH ISRAELIS TELL US THAT ONE IS SCHEDULED.

(C) WE DID NOT SEE GUIDELINES UNTIL WEEKS AFTER GOI RECEIVED COPY.

(D) BLACKMAN CONTINUES TO ACT ON BEHALF OF BIRDF WITHOUT ANY WRITTEN ACCREDITATION FROM BOG. THUS THERE IS NO BILATERALLY AGREED BASIS EVEN TO PAY HIM FOR WORK TO DATE.

(E) EVIDENCE MOUNTS THAT BLACKMAN IS WILLING TO MAKE UNILATERAL COMMITMENTS OF BIRDF FUNDS ON THE SOLE AUTHORITY OF US BOG MEMBERS BARUCH.

(F) IF BLACKMAN ACCURATELY REFLECTS VIEWS OF ASSISTANT SECRETARY BARUCH, LATTER SEEMS TO BELIEVE THAT ISRAEL IS UNDERDEVELOPED AND BADLY

IN NEED OF TECHNOLOGICAL "MESSIAH" IN FORM OF BLACKMAN AND USG. IN NEGOTIATIONS WITH LAVIE, BLACKMAN HAS OFTEN PRESENTED US (AND PARTICULARLY BARUCH'S) APPROVAL OF GUIDELINES AS COMPELLING REASON FOR LAVIE'S ACCEPTANCE.

3. TO RESOLVE THESE PROBLEMS AND GET BIRDF STARTED. EMBASSY MAKES THESE RECOMMENDATIONS.

(A) ESTABLISH DEPARTMENT OF STATE REVIEW OF ALL SIGNIFICANT ACTIONS REGARDING BIRDF.

(B) INFORM GOI OF SIGNIFICANT USG VIEWS BY TELEGRAM TO EMBASSY TEL AVIV. THIS WILL REMOVE TACTICAL DISADVANTAGE INHERENT IN COMMERCE PRACTICE OF COMMUNICATING WITH GOI VIA ISRAELI EMBASSY LIMITED OFFICIAL USE

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WASHINGTON. FOR SIMILAR REASONS, WE SUGGEST TRANSMISSION OF BIRDF DOCUMENTS TO GOI VIA EMBASSY TEL AVIV.

(C) PROVIDE USG POSITION ON BLACKMAN'S GUIDELINES.

(D) INFORM BOTH BLACKMAN AND BARUCH THT ISRAELI OPINIONS CARRY EXACTLY AS MUCH WEIGHT AS US OPINIONS IN FORMULATING BIRDF POLICY.

4. IF BIRDF WERE GOING WELL WE WOULD BE WILLING TO GO ALONG WITH INFORMAL POLICY AND ADMINISTRATIVE ARRANGEMENTS. WE URGE MORE RIGOROUS STATE DEPARTMENT CONTROL BE SET UP BECAUSE THINGS ARE NOT GOING WELL. UNLESS SOME QUICK REMEDIAL ACTION BE TAKEN, THERE IS A STRONG CHANCE THAT THIS \$60 MILLION PROGRAM WILL BECOME A TOTAL MESS WHICH THE DEPARTMENT AND THIS EMBASSY WILL BE CALLED UPON TO RETRIEVE. OUR RECOMMENDATIONS ARE MADE IN THE HOPE THAT THERE IS STILL TIME TO AVOID THE WORST IF PROMPT AND FIRM ACTION IS TAKEN IN WASHINGTON.

5. I WOULD APPRECIATE YOUR REACTION SOONEST.
LEWIS

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